

HDFC AMC | BUY

Steady quarter

HDFC AMC reported a steady operating performance. With equity/total QAAUM flat, the AMC reported 2% sequential decline in core revenue (impact of fewer days in the quarter), implying flat yields. Expenses were slightly higher than JMFe but strong other income of INR 112mn (given equity and debt markets) more than compensated for it, resulting in a 3% beat on JMFe. On SEBI's expense ratio relook, the AMC expects a 3–4bps impact on yields but expects to protect its P&L through payout cuts and cost optimisation. We do not change our estimates materially and maintain BUY with an unchanged TP of INR 3,200, valuing the AMC at 33x FY28E EPS of INR 96.

- QAAUM and yields flat, revenue falls 2%:** Broader markets fell 14% in the quarter, following a 5% rise in 3Q. Since the major fall came in March, total AUM and QAAUM were flat sequentially. In the concall, management said yields in equity, debt and liquid categories were flat sequentially. However, revenue declined 2% since there were fewer days in the quarter (AMCs are paid daily). As a result, core revenue fell 2% sequentially to INR 10.5bn. Other income was stronger than anticipated at INR 112mn (JMFe negative other income). We expect the brunt of March weakness to come in 1QFY27 numbers, but the strong start to the quarter can see markets compensate for lower opening AUM with strong appreciation-led AUM growth, plus strong other income. A key concern has been around revenue yield following SEBI's relook at the expense ratios. Management acknowledged 3–4bps impact on yields (in line with IPRU AMC) but said it was focused on mitigating the entire hit through distributor negotiations and cost optimisations. Given the company's track record of protecting yield decline over FY23–FY26E, we estimate just a 2bps fall in blended yield over FY27, with telescopic pricing.
- FY26 earnings underline why we like the AMC space:** FY26 was not a great year for AMCs – Nifty 50 fell >5%. At the beginning of the year, we had built in a 15% decline in inflows into equity (+hybrid) segments. However, the sector ended the year with inflows down just 6%. Despite this, HDFC AMC saw its core revenue grow 18%. With ESOP costs coming in, expenses grew 17%, resulting in core PBT growth of 18%. This is despite gaining <10bps market share in the equity (+hybrid) segment. Over FY26–FY28E, assuming steady 10% appreciation in equity AUM and inflows growing 15% each, we expect earnings to compound at 20% CAGR, with ex-ESOP expenses growing at 12–13%.
- Valuations and view – expect the stock to compound with earnings growth, maintain BUY:** At CMP, the stock trades at 33/28x FY27/FY28E EPS, slightly ahead of mean valuations. In the concall, management addressed concerns on yield compression. In the base case, we expect 20% earnings CAGR over FY26–FY28E. We do not change our estimates materially and maintain BUY with an unchanged TP of INR 3,200, valuing the AMC at 33x FY28E EPS of INR 96.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	3,200
Upside/(Downside)	20.2%
Previous Price Target	3,200
Change	0.0%

Key Data – HDFCAMC IN EQUITY

Current Market Price	INR2,662
Market cap (bn)	INR1,141.1/US\$12.2
Free Float (%)	46.2
Shares in issue (mn)	428.4
Diluted share (mn)	428.4
3-mon avg daily val (mn)	INR3,309.8/US\$35.5
52-week range	INR2,967/1,994
Sensex/Nifty	78,111/24,231
INR/US\$	93.4

Price Performance

%	1M	6M	12M
Absolute	11.9	-7.6	28.9
Relative*	8.1	-1.2	27.1

*To the NSE Nifty 50

Financial Summary

	(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Mutual Fund AUM (closing)	7,545	8,958	10,875	13,140	15,797
YoY growth (%)	24.2	18.7	21.4	20.8	20.2
% of equity MF AUM (clos.)	64.7	65.1	65.9	66.6	67.3
Operating Revenues (INR mn)	40,583	46,174	55,115	65,122	76,787
Revenue Growth (%)	28.3	13.8	19.4	18.2	17.9
Total operating expenses (INR)	7,134	8,344	9,299	10,356	11,556
Total operating expenses	12.9	17.0	11.4	11.4	11.6
PAT (INR mn)	24,611	28,595	34,202	40,930	48,800
YoY growth (%)	26.5	16.2	19.6	19.7	19.2
PAT / Avg. MF AUM (RoAUM)	0.36	0.35	0.34	0.34	0.34
RoE (%)	32.4	33.9	37.4	40.9	44.2
EPS (INR)	57.6	66.9	80.0	95.7	114.1
P/E (x)	46.3	39.8	33.3	27.8	23.3

Source: Company data, JM Financial. Note: Valuations as of April 16, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Q4FY26 key concall takeaways

■ Revenue yields:

- Equity 56bps (same as 3Q)
- Debt 28bps (same as 3Q)
- Liquid 13bps (same as 3Q)
- Blended yields dropped 1bp to 45bps due to two fewer days in the quarter

■ Expense

- Cost base remains well-controlled, with employee and non-employee expenses growing ~12–13% CAGR over the near term, ex-ESOP costs

■ Impact of SEBI's expense ratio relook

- Impact would be more on larger schemes than smaller schemes
- New expense ratio regulations imply ~3–4bps gross impact on existing book, management aims to offset via commission rationalisation and cost optimisation.
- Removal of 5bps exit load benefit impacts new flows, but overall P&L impact expected to remain manageable

■ Product pipeline

- Product strategy remains selective (not chasing NFOs), with focus on scaling existing funds and improving visibility of long-term performance
- Expanding beyond mutual funds into PMS, AIFs, private credit, and GIFT City international business

■ Alternatives space

- Received marquee PMS mandates (EPFO/SPFO) in this quarter
- Closed private credit fund (IFC, being anchor investor)
- SIF approval in hand but the company remains cautious as it focuses on differentiated offerings rather than early entry

■ Dividend

- The company paid dividend of INR 54 for FY26, 78% of net profit and 90% of operating PAT for the year

Exhibit 1: HDFCAMC: Q4FY26 snapshot

P&L (INR mn)	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)	4Q26 JMFe	A/E
Revenue from operations	9,012	10,743	10,505	-2.2%	16.6%	10,751	-2.3%
Employee benefits expense	968	1,233	1,252	1.5%	29.2%	1,238	1.1%
Depreciation & Amortisation	166	184	193	5.3%	16.4%	196	-1.6%
Business Development and Others	762	770	833	8.2%	9.2%	762	9.3%
Total expenses	1,897	2,186	2,277	4.2%	20.1%	2,196	3.7%
Operating PBT	7,116	8,556	8,228	-3.8%	15.6%	8,555	-3.8%
Other income	1,238	1,590	112	-93.0%	-91.0%	(642)	-117.4%
PBT	8,353	10,146	8,339	-17.8%	-0.2%	7,913	5.4%
PAT	6,387	7,701	6,233	-19.1%	-2.4%	6,062	2.8%
Total comprehensive income	6,388	7,697	6,244	-18.9%	-2.3%	6,062	3.0%
Qtrly Avg AAUM (INR bn)	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)		
Equity	4,821	5,929	5,936	0.1%	23.1%		
Debt	1,084	1,254	1,179	-5.9%	8.8%		
Liquid	1,276	1,293	1,269	-1.8%	-0.5%		
Other	559	774	890	15.0%	59.1%		
Overall	7,740	9,249	9,275	0.3%	19.8%		
Dupont analysis	4Q25	3Q26	4Q26	QoQ (%)	YoY (%)		
Revenue / QAAUM (%)	0.466%	0.465%	0.453%	-0.012%	-0.013%		
Employee exp / QAAUM(%)	0.050%	0.053%	0.054%	0.001%	0.004%		
Business Development and Other opex / QAAUM(%)	0.048%	0.041%	0.044%	0.003%	-0.004%		
Total cost / QAAUM (%)	0.098%	0.095%	0.098%	0.004%	0.000%		
Operating PBT / QAAUM(%)	0.368%	0.370%	0.355%	-0.015%	-0.013%		
Other income / QAAUM (%)	0.064%	0.069%	0.005%	-0.064%	-0.059%		
PBT / QAAUM (%)	0.432%	0.439%	0.360%	-0.079%	-0.072%		
PAT / QAAUM(%)	0.330%	0.333%	0.269%	-0.064%	-0.061%		

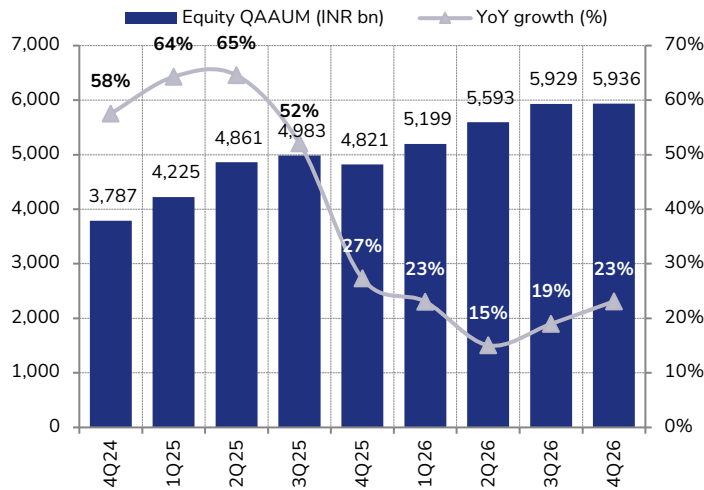
Source: Company, JM Financial

Exhibit 2: HDFCAMC Q4FY26: WC – not substantial

Change in est. (INR mn)	FY26E, Old	FY26E, New	Change	YoY	FY27E, Old	FY27E, New	Change	YoY	FY28E, Old	FY28E, New	Change	YoY
Revenue	45,665	46,173	1.1%	13.8%	55,113	55,113	0.0%	19.4%	65,119	65,119	0.0%	18.2%
Operating PBT	32,442	32,115	-1.0%	17.8%	37,928	37,985	0.1%	18.3%	45,980	46,043	0.1%	21.2%
PAT	28,423	28,594	0.6%	16.2%	34,157	34,200	0.1%	19.6%	40,879	40,927	0.1%	19.7%
EPS (INR)	66.5	66.9	0.6%	16.2%	79.9	80.0	0.1%	19.6%	95.6	95.7	0.1%	19.7%
BV (INR)	210.2	204.8	-2.5%	7.7%	234.1	223.2	-4.7%	9.0%	262.8	245.2	-6.7%	9.9%

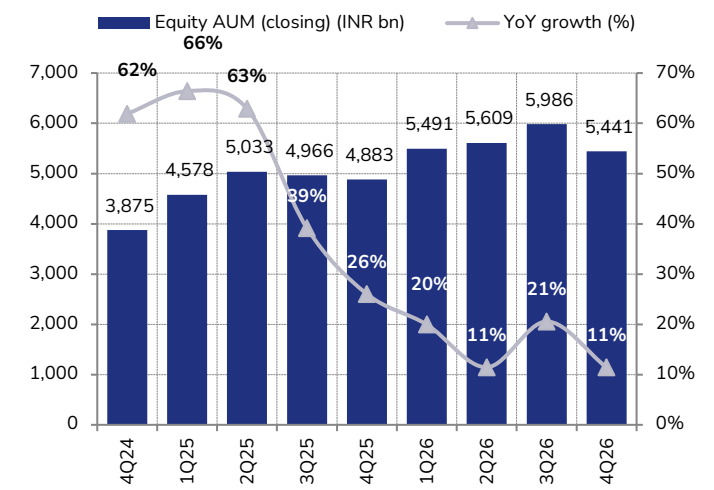
Source: Company, JM Financial

Exhibit 3: HDFC AMC: QAAUM grew 23% YoY, flat QoQ



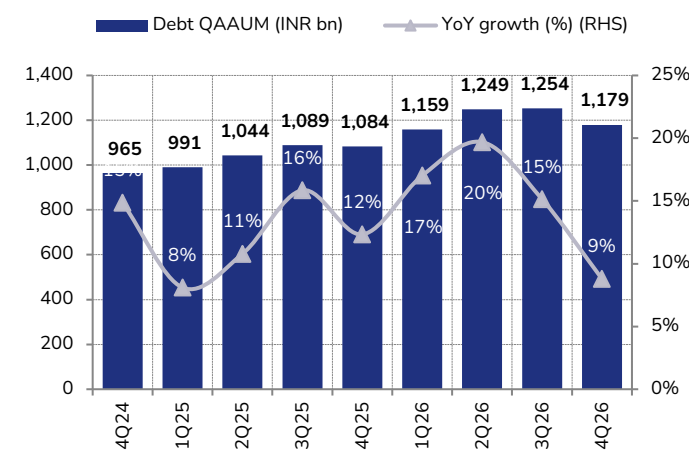
Source: Company, JM Financial

Exhibit 4: HDFC AMC: Equity AUM grew 11% YoY, shrank 9% QoQ



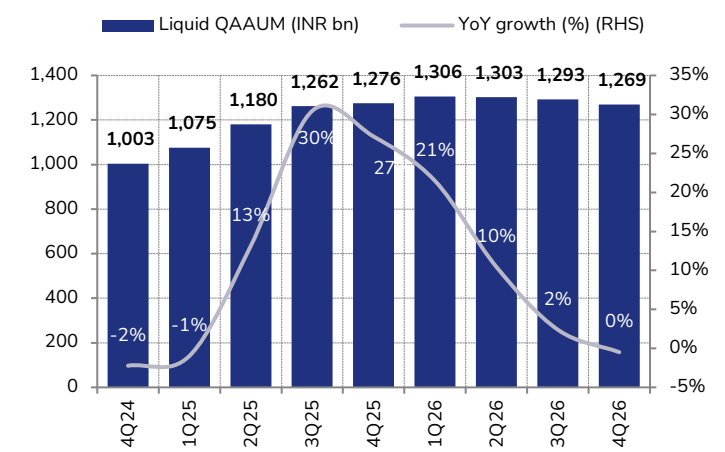
Source: Company, JM Financial

Exhibit 5: HDFC AMC: Debt AUM growth down to 9% YoY



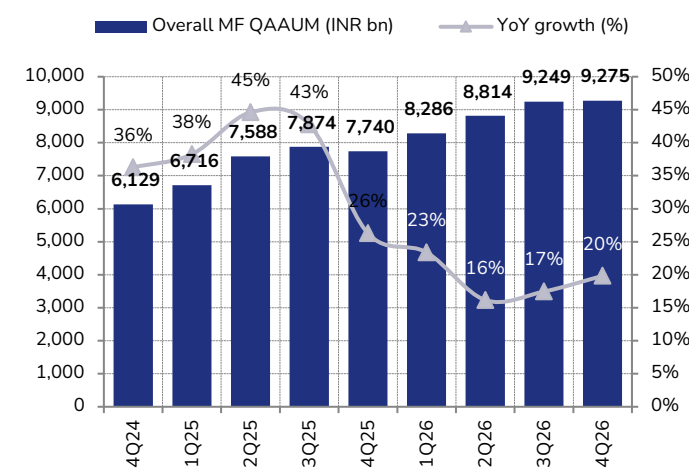
Source: Company, JM Financial

Exhibit 6: HDFC AMC: Liquid AUM stagnant



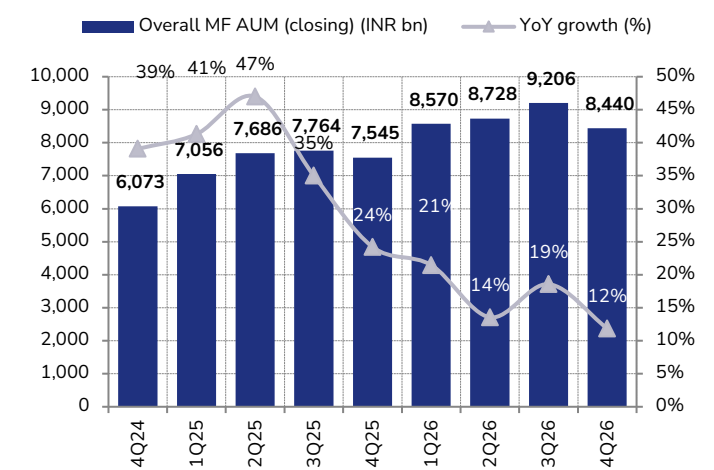
Source: Company, JM Financial

Exhibit 7: HDFC AMC: Overall MF QAAUM stagnant



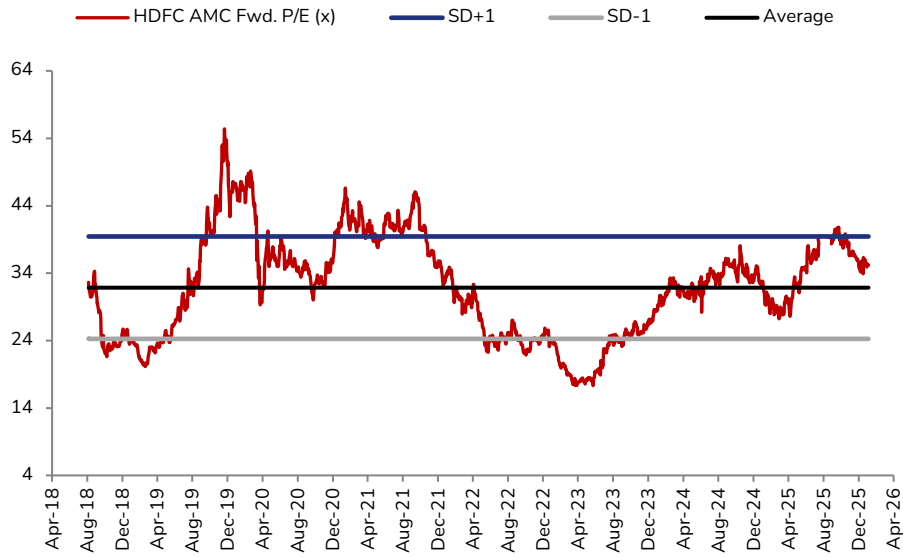
Source: Company, JM Financial

Exhibit 8: Lower MF AUM due to MTM loss



Source: Company, JM Financial

Exhibit 9: Trading above average P/E



Source: Bloomberg, Company, JM Financial

Financial Tables

Income Statement						Key Ratios					
(INR mn)											
Y/e Mar	FY25A	FY26A	FY27E	FY28E	FY29E	As a % of Avg AUM	FY25A	FY26A	FY27E	FY28E	FY29E
MF Fees	34,819	40,937	47,725	56,752	67,231	Core Revenues / Avg. AUM	0.51	0.50	0.49	0.48	0.47
PMS Fees	161	249	373	560	830	Other Revenues / Avg. AUM	0.08	0.06	0.07	0.07	0.06
Investment Management fees	34,980	41,186	48,100	57,314	68,063	Total Revenues / Avg. AUM	0.60	0.56	0.56	0.54	0.53
Total Other income	5,602	4,987	7,016	7,808	8,723	Employee cost / Avg. AUM	0.06	0.06	0.05	0.05	0.04
Total Revenue	40,583	46,174	55,115	65,122	76,787	Brokerage / Avg. AUM	0.00	0.00	0.00	0.00	0.00
Employee costs	3,883	4,809	5,275	5,672	6,095	Operating cost / Avg. AUM	0.11	0.11	0.10	0.09	0.09
Admin & Other expenses	2,639	3,007	3,433	4,034	4,745	PBT / Avg. AUM	0.48	0.45	0.45	0.45	0.44
Mktg & publicity expenses	612	528	591	650	715	PAT / Avg. AUM	0.36	0.35	0.34	0.34	0.34
Total Operating Expenses	7,134	8,344	9,299	10,356	11,556	As a % of Balance sheet assets					
Depreciation/Diminution in LT invstmt	584	727	814	912	1,021	Core Revenues / Avg. Assets	43.8	46.3	49.5	53.5	57.1
Total Expenditure	7,718	9,071	10,113	11,268	12,577	Other Revenues / Avg. Assets	7.0	5.6	7.2	7.3	7.3
PBT	32,864	37,103	45,002	53,854	64,209	Total Revenues / Avg. Assets	50.8	51.9	56.7	60.8	64.4
Tax	8,254	8,508	10,800	12,924	15,410	Employee cost / Avg. Assets	4.9	5.4	5.4	5.3	5.1
Reported Profit (PAT)	24,611	28,595	34,202	40,930	48,800	Brokerage / Avg. Assets	0.2	0.1	0.1	0.1	0.1
Dividend	19,241	22,356	26,334	31,514	37,574	Operating cost / Avg. Assets	8.9	9.4	9.6	9.7	9.7
Retained earnings	5,369	6,239	7,868	9,416	11,226	PBT / Avg. Assets	41.1	41.7	46.3	50.3	53.9
						RoA (%)	30.8	32.1	35.2	38.2	41.0
						Avg Assets/Equity (x)	105.1	105.4	106.1	107.0	107.9
						RoE (%)	32.4	33.9	37.4	40.9	44.2

Source: Company, JM Financial

Source: Company, JM Financial

Balance Sheet						Growth ratios (YoY %)					
(INR mn)											
Y/e Mar	FY25A	FY26A	FY27E	FY28E	FY29E	Y/e Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Share capital	1,069	2,138	2,138	2,138	2,138	Inv mgmt fees	35.4	17.7	16.8	19.2	18.8
Reserves & Surplus	80,272	85,441	93,307	102,721	113,944	PMS fees + Other income	327.6	54.3	50.0	50.0	48.2
Net worth	81,341	87,579	95,445	104,859	116,082	Revenue	28.3	13.8	19.4	18.2	17.9
Secured Loans	-	-	-	-	-	Employee cost	9.8	23.9	9.7	7.5	7.5
Current Liabilities	4,087	4,982	6,262	7,753	9,600	Admin & other exp	16.9	13.9	14.2	17.5	17.6
Provisions	-	-	-	-	-	Marketing & publicity exp	15.9	-13.8	12.0	10.0	10.0
Total - Liabilities	85,428	92,561	101,708	112,612	125,682	Total operating exp	12.8	17.5	11.5	11.4	11.6
Net Fixed Assets	1,974	2,345	2,571	2,819	3,092	PBT	32.6	12.9	21.3	19.7	19.2
Non-Current investments	82,889	91,260	101,282	113,174	126,619	Tax	55.1	3.1	26.9	19.7	19.2
Total Non-current assets	82,755	91,391	101,529	113,552	127,148	PAT	26.5	16.2	19.6	19.7	19.2
Total Current investments	493	513	533	555	577	Total Assets	14.8	8.3	9.9	10.7	11.6
Total Current Assets	2,674	1,170	179	-940	-1,466	Equity AUM	26.0	19.5	22.9	22.1	21.4
Total - Assets	85,428	92,561	101,708	112,612	125,682	Debt AUM	13.1	2.0	8.2	9.3	9.1
						Liquid AUM	16.6	15.8	8.4	8.7	9.1
						Other AUM	50.0	48.4	45.1	36.6	31.4
						Total AUM	24.2	18.7	21.4	20.8	20.2

Source: Company, JM Financial

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Mutual Fund AUM						Valuation					
(INR mn)											
Closing AUM	FY25A	FY26A	FY27E	FY28E	FY29E	Y/e Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Equity	4,883,261	5,833,477	7,170,787	8,754,923	10,627,531	Shares in Issue (mn)	427.6	427.6	427.6	427.6	427.6
Debt	1,071,259	1,092,491	1,182,466	1,292,238	1,409,695	EPS (INR)	57.6	66.9	80.0	95.7	114.1
Liquid	1,003,719	1,162,413	1,259,533	1,369,310	1,493,936	EPS (YoY) (%)	26.3	16.2	19.6	19.7	19.2
Others	586,287	869,862	1,261,961	1,723,780	2,265,344	PER (x)	46.3	39.8	33.3	27.8	23.3
Total AUM	7,544,526	8,958,242	10,874,746	13,140,251	15,796,506	BV (INR)	190.2	204.8	223.2	245.2	271.5
						BV (YoY) (%)	14.7	7.7	9.0	9.9	10.7
						P/BV (x)	14.0	13.0	11.9	10.9	9.8
						DPS (INR)	45.0	52.3	61.6	73.7	87.9
						Div. yield (%)	1.7	2.0	2.3	2.8	3.3

Source: Company, JM Financial

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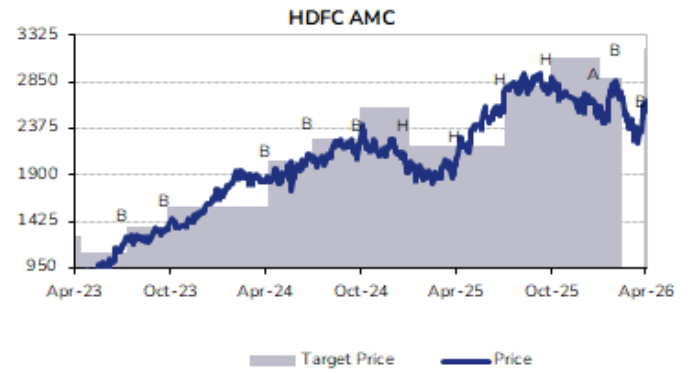
Mutual Fund AUM Mix					
Based on Closing AUM					
	FY25A	FY26A	FY27E	FY28E	FY29E
Equity	64.7	65.1	65.9	66.6	67.3
Debt	14.2	12.2	10.9	9.8	8.9
Liquid	13.3	13.0	11.6	10.4	9.5
Others	7.8	9.7	11.6	13.1	14.3
Total AUM	100.0	100.0	100.0	100.0	100.0

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
14-Apr-26	Buy	3,200	10.3
15-Jan-26	Add	2,900	-6.5
16-Oct-25	Hold	3,100	9.7
18-Jul-25	Hold	2,825	28.4
20-Apr-25	Hold	2,200	0.0
14-Jan-25	Hold	2,200	-15.4
15-Oct-24	Buy	2,600	14.2
15-Jul-24	Buy	2,278	11.1
22-Apr-24	Buy	2,050	30.2
12-Oct-23	Buy	1,575	14.1
24-Jul-23	Buy	1,380	25.5
25-Apr-23	Buy	1,100	-13.7
24-Jan-23	Buy	1,275	10.9
19-Oct-22	Buy	1,150	1.1
22-Jul-22	Buy	1,138	-21.0
24-Jan-22	Buy	1,440	-17.1
15-Dec-21		1,738	0.0
25-Oct-21	Buy	1,738	9.4
18-Jul-21	Buy	1,588	

Recommendation History Chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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